

Message Text

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PAGE 01 RIO DE 00836 231857Z

ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 EB-08 SSO-00 COME-00 TRSE-00

SS-15 /038 W

-----002568 231930Z /47

O R 231748Z FEB 78

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC IMMEDIATE 5872

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO IMMEDIATE

LIMITED OFFICIAL USE RIO DE JANEIRO 0836

PASS EXIM

E.O. 11652: N/A

TAGS:

SUBJECT: GE REQUESTS EXIM PC FOR HIGH-VOLTAGE TRANSMISSION PROJECT

1. GE REPRESENTATIVE TODAY DISCUSSED WITH CONGEN RIO OFFICERS EMERGENCY GE PACKAGE BEING DEVELOPED TO COUNTER EXPECTED SWEDISH-GERMAN PROPOSAL TO BE MADE TO PRESIDENT GEISEL DURING HIS GERMAN VISIT FIRST WEEK IN MARCH. GE AND CONGEN HAVE HEARD THAT ASEA (WHICH HAD MADE LAST JUNE UNSOLICITED PROPOSAL TO FURNAS ELECTRIC-POWER FIRM FOR DIRECT-CURRENT TRANSMISSION (HVDT) FROM ITAIPU HYDRO-POWER PROJECT) HAD JOINED FORCES WITH SIEMENS AND BROWN-BOVERI (WHO ARE ALSO BIDDING TO SUPPLY ITAIPU TURBINES AND GENERATORS) TO MAKE SPECIAL FINANCING AND TURN-KEY CONSTRUCTION OFFER, SIMILAR TO TUCURUI AND ITAPARICA HYDRO PROJECTS SIGNED DURING GEISEL'S VISITS IN 1976 TO FRANCE AND ENGLAND. WE NOTE THAT HIGH-VOLTAGE TRANSMISSION WAS REPORTED (E.G. IN VEJA MAGAZINE) TO BE PART OF GEISEL'S AGENDA FOR WEST GERMAN VISIT. ALSO, NEW FURNAS PRESIDENT LICINIO SEABRA WILL BE ON GOB DELEGATION ACCOMPANYING GEISEL.

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PAGE 02 RIO DE 00836 231857Z

2. GE REP SAYS GE IS PREPARING PACKAGE TO BE DELIVERED TO FURNAS IN RIO ON FEBRUARY 27, IN ORDER TO PREEMPT GERMAN OFFER. PACKAGE WILL OFFER \$350 MILLION IN U.S. ORIGIN EQUIPMENT (GE IS BELIEVED TO BE ONLY U.S. HVDT SUPPLIER AT PRESENT) PLUS INSTALLATION AND OTHER SERVICES. THIS PACKAGE WOULD BE ENHANCED BY OFFER OF FINANCING TO COUNTER EXPECTED

GERMAN/SWEDISH OFFER. GE IS APPROACHING EXIM AND PRIVATE
U.S. BANKS, AND ASKED THAT WE SUPPORT THEIR REQUEST.

3. WE BELIEVE GE EFFORT TO GET COUNTERPROPOSAL TO FURNAS
BEFORE GEISEL TRIP IS WORTHWHILE IN IMMEDIATE AND LONG-
TERM COMMERCIAL CONTEXT. ITAIPU DIRECT-CURRENT APPLICATION
REPRESENTS A NEW DEPARTURE FOR BRAZILIAN POWER INDUSTRY,
BUT MANY OTHER PROJECTS IN NEAR FUTURE COULD USE THIS
METHOD VERY EFFECTIVELY, PARTICULARLY IN TAPPING HYDRO
POTENTIAL OF AMAZON BASIN.

4. EXIMBANK MIGHT WISH TO CONSIDER CABLING A PRELIMINARY
COMMITMENT DIRECTLY TO CONGEN RIO FOR INCLUSION IN GE PACKAGE,
WHICH WILL BE COURIERED DOWN SUNDAY NIGHT AND FINALLY
ASSEMBLED ON MONDAY. REALIZE TIME IS SHORT, AND APPRECIATE
ANYTHING YOU CAN DO.

5. COMMERCIAL COUNSELOR CONCURS.
DEXTER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROPOSALS (BID), ELECTRIC POWER PLANTS, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978RIODE00836
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780084-0620
Format: TEL
From: RIO DE JANEIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780222/aaaaascg.tel
Line Count: 81
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d24408d1-c288-dd11-92da-001cc4696bcc
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3504285
Secure: OPEN
Status: NATIVE
Subject: GE REQUESTS EXIM PC FOR HIGH-VOLTAGE TRANSMISSION PROJECT
TAGS: ENRG, US, BR, GENERAL ELECTRIC, GE
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/d24408d1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014